



THE SECRETARY OF DEFENSE
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- JUL 19 2001

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND
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DIRECTOR, ADMINISTRATION AND
MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Financial Management Information within the Department of Defense

One of my highest priorities is to have reliable, accurate and timely financial management information upon which to make the most effective business decisions. Because we do not always have that information, we must change the Department's business operations and systems.

The Department's business activities include financial and nonfinancial operations and systems. Nonfinancial business operations and systems include those that support the acquisition, medical, transportation, property, inventory, supply, and personnel communities, as well as other communities. Currently, the Department's financial and nonfinancial operations and systems do not work effectively together to produce the most desirable financial management information. Correcting this deficiency is everyone's responsibility.

Toward this end, I hereby establish a Department-wide Financial Management Modernization Program and direct the following:



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- The Under Secretary of Defense (Comptroller), in coordination with the Under Secretary of Defense for Acquisition, Technology and Logistics and the Chief Information Officer, shall provide policy direction and oversee the execution of all Financial Management Modernization Program efforts.
- A Program Management Office shall be established and shall report to the Under Secretary of Defense (Comptroller). The Program Management Office shall develop a DoD-wide blueprint--an Enterprise Architecture that is consistent with the Department of Defense Chief Information Officer's Information Technology architecture--that prescribes how the Department's financial and nonfinancial feeder systems and business processes will interact. The Program Management Office also shall be responsible within the Defense Acquisition System for control and oversight of systems development, acquisition, upgrade, deployment, and other changes for all financial management systems and related nonfinancial business systems, to include legacy systems. In addition, the Program Management Office shall perform such other Department-wide Financial Management Modernization Program-related efforts as may be directed by the Under Secretary of Defense (Comptroller), in coordination with the Under Secretary of Defense for Acquisition, Technology and Logistics and the Chief Information Officer.
- The Secretaries of the Military Departments and the Directors of the Defense Agencies shall be accountable to me for the results of their Component's business operations and financial management systems. The Under Secretary of Defense (Comptroller) is responsible for ensuring we meet the objectives of this memorandum and for the overall direction of our financial management reforms.

Modernizing our business operations and systems is a Department-wide priority, and will need leadership at every level. The Under Secretary of Defense (Comptroller) is available as needed to help Components, Services, and Defense Agencies in this effort.

